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SUBJECT: C-130'S FOR CHAD?

REF: ASHRAF-SARDAR EMAIL MESSAGE OF 12/20/06

Classified By: Ambassador Marc M. Wall for reasons 1.4 (b) and (d)

11. (C) SUMMARY: Chad wants to buy four C-130 aircraft at a cost of over USD 300 million. Whether Chad needs or can afford so many new aircraft is questionable. Also an issue is how they will be used. Chad wants to buy them primarily to defend the regime against a backlash provoked by its refusal so far to open its political system and provide for a peaceful democratic transition. We nevertheless would concur in allowing the sale to go forward, or at least a scaled-down version of it. The decision should be the result of an interagency review that takes a hard look at the justification for the sale and at its political and financial implications for Chad. We do not need to cut any corners to accelerate approval or delivery of the aircraft. END SUMMARY

Chad's Request

12. (SBU) Chad's air force chief, its ambassador to Washington, and Lockheed Martin's representatives have approached us in recent weeks with Chad's request to buy four C-130's. Chad hopes to purchase three of the newer model C-130J aircraft for delivery when available and one of the older C-130H versions for delivery this year. The total transaction, including spare parts and training, would exceed USD 300 million. The financing would be repaid over a period of as long as 12 years. Chad had originally proposed a commercial sale, but we understand the transaction would now be handled under the Foreign Military Sales program.

13. (SBU) Until recently Chad had been operating two C-130's purchased in the 1980's. One was destroyed in a crash landing in Abeche last June; the other has frequently had to undergo repairs and is too long to land on most of the dirt strips that pass for runways in much of Chad. In recent months the Chadian army has been relying on leased aircraft from Azerbaijan and various East European contractors, as well as support from the French military. Flush with oil tax payments, Chad has been busy shopping around for other aircraft in recent months. It bought one Pilatus from Switzerland and sought more, but the Swiss government turned down the request because of concerns over the use of the aircraft in the fighting in eastern Chad. It received two Marchetti's (one of which was shot down in eastern Chad in November) as well as two Antonov-24's as "gifts" from Libya. It acquired two MI-17 helicopters from Ukraine and hired

contract pilots from Mexico to fly them.

An Appraisal

¶4. (C) The sale of the C-130's would provide a healthy boost to U.S. exports to Chad. It would strengthen U.S. military cooperation and cement links to Chad's fledgling air force. It would signal to Khartoum our determination to work with Chad in the face of a deteriorating situation in Darfur.

Over time it may enhance Chad's capabilities in fighting terrorism and participating in future UN or AU regional airlift operations. Also an issue would be President Deby's extremely negative reaction if it were turned down. Deby remembers fondly his visits to Washington in the eighties as former President Habre's top military advisor responsible for purchasing the C-130 aircraft then. He has taken a personal interest in acquiring the four new aircraft now.

¶5. (C) Arguments against the sale focus on whether Chad can afford so many new airplanes. A transaction of this scale would call into question its commitment to its agreement with the World Bank to spend 70 percent of its revenues on poverty alleviation.

¶6. (C) Also of concern is how Chad intends to use the aircraft. Despite claims to the contrary, they will not be used to go after terrorists or help refugees. Chad wants to buy the aircraft because it needs them to support combat operations against the armed rebellion in eastern Chad. This rebellion has received support from Khartoum, but is not its invention. Its leaders are Chadian (including respected members of President Deby's family as well as a former defense minister); its foot soldiers are Chadian; and their grievances have Chadian roots, i.e., Deby's refusal to reach out convincingly to his opponents and his determination to manipulate the political system to stay in power for the rest of his life. A decision to approve the sale would be met with dismay by many Chadian supporters of peaceful democratic change.

Our Recommendation

¶7. (C) Our conclusion is that, like it or not, our interests line up in favor of allowing the sale in some form to go forward. We should do so, however, with a clear understanding of how the sale will be perceived by Chadians and with a strategy to counter these perceptions. We believe the decision merits a DAS-level interagency review. We should examine whether Chad really needs four new aircraft. We should consult with the IMF and World Bank to ensure the sale is consistent with Chad's commitments to the World Bank on managing its oil revenues. We should accompany any announcements of the sale to a renewed effort to encourage political reform in Chad and respect for its commitments on poverty alleviation. Finally, we should resist appeals to speed up approval or delivery of the aircraft. While the troubled political and security environment in Chad may become more favorable to the sale in future years, it appears problematic now.

WALL